

Shirley Scott  
15654 Spring Garden St.  
Detroit, MI 48205

FILED

2014 SEP -9 P 1:21

U.S. BANKRUPTCY COURT  
E.D. MICHIGAN - DETROIT

August 30, 2014

The Honorable Steven W. Rhodes  
U.S. Bankruptcy Court for the Eastern  
District of Michigan, Southern Division  
211 W. Fort St., Ste. 1800  
Detroit, MI 48226  
Courtroom 1825

Re: The City of Detroit  
Case No. 13-53846

Dear Judge Rhodes:

On August 22, 2013, This Honorable Court ruled that "a motion for relief from the automatic stay against the above named debtor would not aid the Court in its decision". A hearing would have given me the opportunity to pose the following questions:

- What happened to Detroit's federal funding?
- Were you given a copy of Detroit's 2012-2013 Section 3 Summary Report and Contract/Sub Contract Activity Report?
- Did HUD representatives from the Detroit Field Office testify as to why the City of Detroit's federal funding was suspended?

These questions are being raised because the federal funds are a key component in Detroit's bankruptcy proceedings.

I am the Compliance Officer Whistleblower who reported Detroit's violation of Section 3 of the Housing and Urban Development (HUD) Act of 1968 in 2011 and as of today's date, I have not been given any closure from the federal government. I never wanted to be a "whistleblower." I just wanted the opportunity to perform the duties assigned so that I could satisfy our customers, and assist the City with providing economic opportunities to uplift its low-income residents and businesses eligible for those HUD sourced funds. I had no idea that the federal government would not protect me, as I participated in their protected program, from being harassed and intimidated by the former administration, and a collective conspiracy group from the City of Detroit, State of Michigan, and Federal Government who by any means possible would prevent

me from interfering with the blatant corruption, still in place, as to how contracts are awarded with federal funds.

I have now come to the conclusion that there was nothing that I could have done to help the City. The City's bankruptcy had already been planned when the narcissistic-racist former republican mayor conspired with the narcissistic-racist republican governor to seize the federal funds allocated to the low-income democratic residents of Detroit. The attached documentation describes what led up to the filing of the complaints against the City prior to the appointment of the emergency manager, and what happened to the whistleblower thereafter. I suffer from depression, and I took an early retirement because I could no longer withstand the lies, harassment, and intimidation from the bureaucratic cronies who conspired against me.

I would appreciate an informal hearing with you and the attorney for the debtor as you and I are part of this historic event and if you approve their plan without giving me an opportunity to speak, you will assist Detroit in covering up its corrupt conspiracy.

Regards,

A handwritten signature in cursive script that reads "Shirley Scott". The signature is written in dark ink and is positioned above the printed name.

Shirley Scott

Attachments

Cc: JONES DAY  
Democratic Party Representative

*Thomas*  
*Quinn*  
*Jamie Warren*  
cc:

March 2, 1995

Ms. Gloria W. Robinson  
Director  
Planning and Development Department  
City of Detroit  
2300 Cadillac Tower  
Detroit, Mi 48226

\* HUD informed  
City of Detroit  
of Section 3  
Initiative

SUBJECT: Section 3 Initiative

Dear Ms. Robinson: -

We have scheduled our first Section 3 Initiative meeting for March 9, 1995. This meeting will bring together all of the members of our Technical Assistance Team. Your attendance is critical to the success of this initiative, and we invite you to personally attend.

To reiterate and update you on the purpose of our Section 3 Initiative, we are attaching letters from HUD Secretary, Henry G. Cisneros, and memorandums from HUD Assistant Secretaries. Also attached are memorandums of partnerships with other selected Federal Agencies who are joining us in carrying out this initiative.

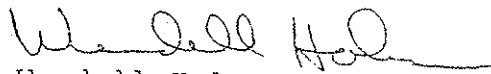
Section 3 of the Housing and Community Development Act of 1968 establishes employment, training, and contracting preferences for low income people and for businesses controlled by low income people, when certain funds from HUD are spent. Detroit is one of the 30 national sites selected by HUD to demonstrate the potential of HUD assisted programs in providing jobs, contracts and other economic opportunities to low and very low income persons and to businesses which provide economic opportunity to such persons. To accomplish this task HUD is establishing Technical Assistance Teams to develop an Action Plan to link Section 3 covered residents and businesses with HUD assisted programs. This initiative also identifies the presence of other Federal agencies administering economic development programs, and Federal agencies participating in special demonstration projects.

Our success in implementing the Section 3 Initiative will display, in a concrete manner, the Department's commitment to using Section 3 in HUD assisted programs to provide economic lift to businesses and residents within the Section 3 covered area. The first step in implementing Section 3 requires that we

initiate an Action Plan. This Action Plan will contain specific steps to link residents with jobs on HUD assisted projects, and on activities funded by HUD that operate within the City of Detroit. The Plan will also establish the presence of other Federal Programs and it will identify local organizations committed to the goals of Section 3.

It is important that we provide you with ample technical assistance to assure that our Section 3 Initiative is successful. Therefore, we ask that you come to room 1722 at 9:30 a.m. and spend about two hours with us discussing this Section 3 initiative. With your assistance, we will sketch out the parameters for a workable Action Plan.

Sincerely,



Wendell Holmes

Director

Fair Housing and Equal  
Opportunity Division

**From:** Shirley Williams  
**To:** Shirley Scott  
**Date:** 11/29/2007 10:34 AM  
**Subject:** Section 3

**CC:** Valeria Miller

I have not receive a response from the lady in Muskegon regarding their Section 3 program. Since we have not heard from her, you need to continue developing our monitoring program. This was assigned to our department in September to develop and implement a Section 3 monitoring program; therefore, our program should be implemented by January 2008. The report is due when we submit the CAPER report in September 2008.

Provide to me a sample Section 3 monitoring program for review by noon Wednesday, December 5, 2007. It should include sample forms for gathering the required information and sample monitoring report to be submitted to HUDs Washington office. If you need assistance from other departments to obtain this information, let me know so management can assist.

\*Bureaucratic  
Crony could  
not provide  
any direction  
with Section 3

# Memorandum

\* Management of  
Labor Standards  
should have  
been responsible  
for compliance

To: Shirley Scott  
CC: Val Miller  
From: Shirley Williams *SW*  
Date: January 30, 2008  
Re: Section 3 Annual Summary Report for 2007

---

Mr. Diggs received an email reminder on January 7, 2007 regarding submittal of our Section 3 Annual Summary Report that was due on January 10, 2008. It is Labor Standards' responsibility to complete and submit this report to HUD.

In September 2007, you were given the assignment of developing, implementing and monitoring the Section 3 program under 24 CFR 135. To date you have not completely developed a program. However, we are still required to submit timely reports to HUD. As I stated last week, you can use the previous Notification of Contract Award forms to extract the businesses utilized on the various projects. Attached are the Notification of Contract Award forms from the period October 1, 2006 through September 30, 2007 to further assist you in completing this assignment.

Considering the serious delinquency in submitting this report to HUD, your compiled report must be submitted to me by 12 noon on Friday, February 1, 2008. For questions or concerns, please see me. Thank you for your cooperation.

*2.5.08*  
*Does  
white up?  
with MW?  
plexx get  
back to  
me w/mtm 2*

\* Informed Deputy  
Mayor of  
Compliance  
Issue

*JAN 29 2008*



October 2, 2008

Ms. Shirley Scott  
15654 Spring Garden  
Detroit, MI 48205

**RE: Family Medical Leave Approval**

Dear Ms. Scott:

Your request for Family Medical Leave (FMLA) has been approved. You are approved for continuous FMLA for the period of August 20, 2008 – August 30, 2008. In addition, you are approved for intermittent FMLA for the period of August 25, 2008- June 30, 2009.

Upon exhaustion of your sick time banks, you have not requested to use time from your vacation, compensatory, nor swing holiday banks. If you wish to use time from these banks, you must submit a written signed request to Human Resources. All requested leave time will be counted against your annual twelve (12) week Family Medical Leave allotment.


Your attendance will be monitored. Call-in procedures must be adhered to. In addition, supervision should be notified in advance of all scheduled medical appointments.

Please understand that the approval of your Family Medical Leave does not supercede the call-in requirements established by the Department. Failure to comply with the above may result in non-compensation.

Once all of your bank time hours are exhausted, your benefit coverage may cease. If you require an extension of your continuous FMLA, you must submit additional medical documentation. You are further advised that a Voluntary Quit will be initiated after five (5) consecutive days of an undocumented absence, thereby terminating your employment.

If you have additional questions, you may contact my office at 313-224-3725.

Sincerely,

  
Bridget Pamar, Human Resources Consultant  
Human Resources Department  
Community Customer Services Division

cc: Marja Winters  
Payroll  
File

\* Youngest daughter  
died and HR  
would not  
approve my  
FMLA Leave  
when prescribed  
by doctor

\* Bureaucratic Crony  
Niece of former  
Community Planning  
Director of HOD  
Jeannette Harris

KWAME M. KILPATRICK, MAYOR

LABOR STANDARDS (S. Williams, A. Thompson, J. Jackson-Payne, R. Baxter, S. Scott)

OUTSTANDING ISSUES:

1. MEETINGS ATTENDED: 4

Manager's Meeting on 10/06/09 & 10/20/09

(Williams)

Pre-performance meeting with GERAL Company  
on 10/22/09

(Thompson)

2010-2011 Budget meeting on 10/28/09

(Williams)

2. PAYMENT APPROVALS:

3. SITE VISITS:

4. CONTRACT SITE VISITS: 0

5. RESTITUTION RECOVERED:

\$

Total

\$

6. TRAINING: 0

7. REPORTS: 2

Monthly Status Report to Val Miller

(Williams)

Bi-Monthly Status Report for L/S Unit (Jackson, Thompson, Baxter, Scott)

8. SECTION 3 - SHIRLEY SCOTT

- Distributed Section 3 Guidebook to:  
Director, Deputy Director, Executive Manager of FRM, and Supervisors of  
Labor Standards and PFR
- Met with PFR Staff
- Received 12 telephone responses from Contractors
- Made 2 field trips to meet with Contractor in David Stott Building for  
certification as a Section 3 Business Concern—both attempts were unsuccessful
- Met with 2 Contractors
- Received Section 3 Documentation from 12 Businesses—3 were Section 3  
Business Concerns
- Assisted Neighborhood Services (Opening and stapling applications to  
envelopes)
- Received 2 N.O.C.A.

\* Self Explanatory



# Memorandum

To: Shirley Scott  
CC: Marja Winters, Thomasina Tucker, Val Miller, Connie Bell  
From: Shirley Williams *AW*  
Date: October 30, 2009  
Re: Employee Reassignment

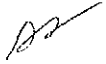
*\* Reassigned for  
providing  
Section 3 Guidance*

Effective Monday, November 2, 2009, you are being re-assigned to Neighborhood Service Division from the Labor Standards Unit of the Financial and Resource Management Division. The re-assignment period is for a month (November 2, 2009 – December 7, 2009).

You will report to Connie Bell for your work assignment and you will physically be located on the 14<sup>th</sup> floor. During this re-assignment, I will still submit your timesheet. You are able to utilize workbrain from any computer.

# MEMO

To: Thomasina Tucker

From: Shirley Scott 

Date: April 26, 2010

Re: Section 3

*\* Informed Administration  
\* That Section 3  
was a whistleblower  
to protect my  
job*

Bias behavior promotes inefficiency. When management refuses to listen to the opinions and concerns of qualified staff persons, the attached occurs. Non-compliance to HUD's requests falls on the City of Detroit and not an individual. I blew the whistle to the Mayor's Office and City Council when management prevented me from doing my job. The auditors are now asking for HOME's Section 3 Summary Report (Form 6002), and it has not been done.

Also find attached a copy of a memo from Angela to me. She refused to do what you asked and as a result of her insubordination, she is now the interim supervisor of Labor Standards.

Attachments

Cc: Marja Winters

INTEROFFICE MEMORANDUM

TO: SHIRLEY SCOTT, SECTION 3 COORDINATOR  
FROM: VAL MILLER, MANAGER II  
SUBJECT: SECTION 3 PROCEDURES  
DATE: 7/26/2010  
CC: ANGELA THOMPSON; THOMASINA TUCKER

As discussed in our meeting on July 22, 2010 with Angela Thompson, acting manager of Labor Standards, as well as during a follow up discussion, the following work plan will be implemented to more effectively manage and enforce Section 3 compliance:

- A. You will forward letters to the general contractors of the 16 projects you identified in your July 19<sup>th</sup> letter to the Labor Standards team, requesting information on their new hires during the 2009-10 fiscal year. The letter will state that outstanding Section 3 documentation must be submitted within 2 weeks of the date of the letter (~August 5<sup>th</sup>) to avoid the risk of payments being withheld. In the interim, the Labor Standards Team has agreed to assist you (when possible) in reviewing payrolls for the 16 projects for the 2009 – 10 fiscal year to possibly identify new hires. You will forward additional communications to the contractors as needed, based on your review of the payrolls. Copies of all correspondence will be forwarded to Angela for distribution to the appropriate Labor Standards analyst.
- B. After presenting Section 3 requirements to the subrecipient and contractor (s) at the pre-performance meeting, you will continue to disseminate the necessary forms to the general contractor to collect the required data. You will explain that the contractor must submit the initial documentation within 2 weeks of the pre-performance meeting and that failure to comply may risk payments being withheld.
- C. Beginning July 1, 2010 (new fiscal year), the Labor Standards Team will provide copies of payrolls for the projects you deem to be Section 3 eligible. As referenced in letter "A" above, you will review the payrolls to possibly identify new hires and communicate your findings to the contractor (s).
- D. You will report non-compliant contractors to the Labor Standards Team as soon as possible. Management will determine if pending payments will be withheld.

Again, Labor Standards has offered to assist where and when possible with this effort. We also discussed that we will revisit next steps, including strategies for engaging other city departments in this initiative, once P & DD management finalize other Section 3 policies. For questions, I may be reached at 224-9002. Thanks!

\* Never received a  
Payroll to review and  
management did not  
come up with additional  
Section 3 policies.

**From:** Valeria Miller  
**To:** Shirley Scott  
**Date:** 10/19/2010 12:32 PM  
**Subject:** Re: Section 3  
**Attachments:** SECTION 3 MATTERS

**CC:** Thomasina Tucker

Again, this is why we need to have a follow-up meeting with Labor Standards to devise suggestions for enforcement measures, as well as any other concerns to try to make this program more effective. While I certainly agree with you Shirley that we need to have some enforcement measures in place for non-compliance, unfortunately we have no control over the actions of other departments (i.e. BS & E). That's a decision/fight that the group executive must make. However, we can try to establish something for our department. At a minimum, we must devise (or at least suggest) some policy standards, as well as clear procedures to management to absolve us (that is FRM) of any responsibility when HUD clamps down on this. If we tried to implement something, but the Group Executive or Department Head rejected it, the onus would not be on us (FRM). Having said all that, as asked in the email of 10-14-10, please advise of your availability this week to conduct a follow up meeting on these matters.

>>> Shirley Scott 10/19/2010 12:04 PM >>>

A planned date for a workshop or a projected number of conferences to attend may be concrete and measurable, but realistic measures have to be taken in order to comply with Section 3. What enforcement is in place for non-compliance? FRM has prevented enforcement by lifting the hold on the notice to proceed request made by the Section 3 coordinator, and the Director of Buildings and Safety has stated "contractors will be paid regardless of what I say because the contractors belong to Buildings and Safety and not me." Until contractors are forced to comply with Section 3, one can set all the goals one wants, but the results will ultimately be non-compliance. The City has to stop awarding funding like it is a state lottery and comply with federal regulations.

\* Bureaucratic Crony  
was only interested  
in absolving  
herself. She is  
still sitting in  
her divisional  
manager seat  
because she  
is part of  
the corrupt  
system still  
in place

**Shirley Scott - Re: Attending Section 3 Forum/Workshop at 3:00 in CAYMC**

**From:** Thomasina Tucker  
**To:** Shirley Scott  
**Date:** 11/19/2010 3:37 PM  
**Subject:** Re: Attending Section 3 Forum/Workshop at 3:00 in CAYMC  
**CC:** Angela Thompson; Marja Winters; Valeria Miller

I would hope that you would not attend a City Council workshop and represent this Department without authorization.

Thomasina M. Tucker  
Executive Manager  
City of Detroit  
Planning and Development Department  
Financial and Resource Management  
Suite 2300  
65 Cadillac Square  
Detroit, MI 48226

(313) 224-2578  
(313) 224-1629 fax  
[ttucker@detroitmi.gov](mailto:ttucker@detroitmi.gov)

>>> Shirley Scott 11/19/2010 2:43 PM >>>  
Attending Section 3 Forum/Workshop at 3:00 in CAYMC

\* Could not  
speak to  
anyone without  
permission or  
be subjected  
to insubordination

A REVISED RESOLUTION BY COUNCIL MEMBER JOANN WATSON

RESOLUTION URGING THE ADMINISTRATION TO  
ESTABLISH A HUD SECTION 3 COMPLIANCE STRATEGY

- WHEREAS** The Housing and Urban Development Act of 1968 at Section 3 (12 USC 1701u) sets forth a program whose purpose is to provide economic and employment opportunities to low-income individuals; and
- WHEREAS** To accomplish this objective, HUD Section 3 requires recipients of certain forms of HUD funding to provide job training, employment and contracting opportunities to low- and very low-income residents and eligible businesses; and
- WHEREAS** HUD holds direct recipients of funding covered by HUD Section 3 accountable for their own compliance as well as the compliance of their subrecipients and contractors; and
- WHEREAS** City resources in past years for HUD Section 3 enforcement and compliance have been limited; and
- WHEREAS** The City Council has a vested interest in the rebuilding of our community's infrastructure and employment of its residents which can both be improved by compliance with HUD Section 3; and **NOW THEREFORE BE IT**
- RESOLVED** That the Detroit City Council hereby urges the Administration to establish a HUD Section 3 Compliance Strategy which could include a Section 3 Compliance Office to track and monitor adherence to the applicable regulations; and **BE IT FURTHER**
- RESOLVED** That the Detroit City Council hereby urges the Administration to ensure the requested HUD Section 3 Compliance Strategy include both recruitment of underutilized Detroit residents and businesses and enforcement and monitoring of Section 3 requirements, and that there be additional resources and support to carry out this initiative to assist in targeting local residents for economic opportunities to the greatest extent feasible; and **BE IT FURTHER**
- RESOLVED** That the Detroit City Council hereby urges the Administration to form a working group that includes the Planning & Development Department, City Planning Commission; Research & Analysis Division; Guy Stockard, the Michigan State Housing Development Authority's HUD Section 3 Coordinator; David Youngblood, HUD Section 3 Coordinator at HUD's Detroit Field Office, to draft a HUD Section 3 Compliance Strategy for the City of Detroit; and **BE IT FINALLY**

2/14/2011 9:53 AM

**RESOLVED**

That a copy of this resolution be sent to the Mayor's Office; the Planning & Development Department; Guy Stockard, the Michigan State Housing Development Authority's HUD Section 3 Coordinator; and David Youngblood, HUD Section 3 Coordinator at HUD's Detroit Field Office.

**Note: Unanimously passed by the Detroit City Council November 23, 2010**

2/14/2011 9:53 AM

Shirley Scott  
City of Detroit  
Planning and Development Department  
65 Cadillac Square, Ste. 1200  
Detroit, MI 48226

January 21, 2011

The Assistant Secretary for Fair Housing  
And Equal Opportunity  
U.S. Department of Housing and Urban Development  
451 Seventh St., S.W., Room 5100  
Washington, D.C. 20410

Re: Section 3 Complaint

Dear Assistant Secretary for FHEO:

I am the Section 3 Coordinator for the City of Detroit. I received this assignment in September 2007. Within a three (3) year period, I found the City of Detroit to be non-compliant with Section 3 based on the following:

- Failed to ensure that its contractors and subcontractors comply with Section 3
- Failed to notify Section 3 residents about training and/or employment opportunities
- Failed to notify Section 3 business concerns about contracting opportunities
- Failed to notify potential contractors for Section 3 covered projects of the requirements of Section 3
- Failed to incorporate the Section 3 clause in Section 3 solicitations or contracts
- Failed to award contracts to Section 3 business concerns
- Contracted with a contractor found to be in violation of applicable statutes and/or HUD regulations; and
- Failed to provide preference to Section 3 business concerns in contracting opportunities.

For the past two (2) years, I have tried to convince Planning & Development Administration to put me in the forefront of the contract process instead of the tail end of the contracting process. I believe I have not received the assistance needed to comply with Section 3 because the City does not want to comply with this federal regulation. I will attempt to demonstrate what I have experienced with the following documentation:

Administration has refused to cooperate as is evidenced by Exhibit "A" enclosed. Exhibit "A" represents the pre-construction conferences I have attended, to date, for fiscal year 2010-2011. At the pre-construction conference, the general contractor or

\* HUD received  
complaint  
6 months prior  
to receiving  
an official  
complaint  
from  
HUD



## Shirley Scott - Section 3

**From:** Thomasina Tucker  
**To:** Shirley Scott  
**Date:** 1/27/2011 4:40 PM  
**Subject:** Section 3  
**CC:** Valeria Miller

Has City Council been given a copy of the PDD Section 3 Policies and Procedures that you prepared?

Thomasina M. Tucker  
Executive Manager  
City of Detroit  
Planning and Development Department  
Financial and Resource Management  
Suite 2300  
65 Cadillac Square  
Detroit, MI 48226

(313) 224-2578  
(313) 224-1629 fax  
[ttucker@detroitmi.gov](mailto:ttucker@detroitmi.gov)



**HUD SECTION 3 POLICY**

**FOR**

**THE CITY OF DETROIT**

**DAVE BING, MAYOR**

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## City of Detroit

### Economic Opportunities Policy for Section 3 Covered Contracts

#### Background:

Section 3 of the Housing and Urban Development Act of 1968, as amended, ("Section 3") requires that economic opportunities generated by certain U.S. Department of Housing and Urban Development financial assistance for housing and community development programs be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and business concerns which provide economic opportunities to low- and very low income persons.

Pursuant to Section 3 of the Housing and Urban Development Act of 1968, as amended and 24 CFR Part 135, The City of Detroit recommends adoption of this Economic Opportunities Policy for Section 3 Covered Contracts. The policy will provide direction to City of Detroit staff for implementing Section 3, when required.

#### Policy Statement:

The City of Detroit shall provide opportunities to low- and very low-income persons residing in Detroit (as defined in § 135.5 of 24 CFR Part 135) and to businesses meeting the definition of "Section 3 Business Concern" (as defined by 24 CFR Part 135). Accordingly, the City of Detroit shall implement policies and procedures to ensure that Section 3, when required, is followed and develop programs and procedures necessary to implement this policy covering all procurement contracts where labor and/or professional services are provided, in order to achieve the goals outlined within the City of Detroit's Consolidated Plan's Housing and Community Development sections. This policy shall not apply to contractors who only furnish materials or supplies through Section 3 covered assistance. It will apply to contractors who install materials or equipment. (See the definition of "Section 3 Covered Contracts" below.) There is nothing in policy that should be construed to require the employment or contracting of a Section 3 resident or contractor who does not meet the qualifications of the position to be filled or who cannot fulfill the contract requirements.

### Definitions:

The City of Detroit incorporates into this policy the definitions contained in § 135.5 of 24 CFR Part 135. (Also, see the June 30, 1994 Federal Register)

### Defined Terms of Policy:

**Section 3** – Section 3 is a provision of the Housing and Urban Development Act of 1968, which recognizes that HUD funds are typically one of the largest sources of federal funding expended in communities through the form of grants, loans, entitlement allocations and other forms of financial assistance. Section 3 is intended to ensure that when employment or contracting opportunities are generated because a covered project or activity necessitates the employment of additional persons or the awarding of contracts for work, preference must be given to low- and very low-income persons or business concerns residing in the community where the project is located.

**Section 3 Recipient** – Any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferees of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

**Section 3 Resident** – A public housing resident or a Low-income Person or Very Low-Income Person who resides in a project area in which Section 3 Covered Assistance is expended. The following income limit, by household, reflects the 80% median income limit established by HUD. A City of Detroit resident who has income that falls beneath the median income level is classified as Low Income.

#### *\*Income Limits change annually*

FY 2011 Income Limit Category	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Median (80%) Income Limits	\$33,400	\$38,200	\$42,950	\$47,750	\$51,550	\$55,400	\$59,200	\$63,000

**Section 3 Business Concern** – A Business which meets one of the following criteria:

- 1) 51% or more owned by Section 3 resident(s);
- 2) 30% of a business's full-time, permanent-employees are currently Section 3 residents, or within three (3) years of the date of first employment with the business concern were Section 3 residents; or

- 3) Provides evidence, as required, of a commitment to subcontract in excess of 25% of the dollar award of all sub-contracts to be awarded to Business Concerns that meet the qualifications in 1 or 2 above.

**Section 3 Clause** - All contracts are required to include the following clause (referred to as a Section 3 Clause) as set forth in 24 CFR 135.38:

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very-low income persons, particularly persons who are recipients of HUD assistance for housing.

B. The Parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediments that would prevent them from complying with the Part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to this provision of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

### **Section 3 Covered Assistance**

- 1) Housing Development assistance provided pursuant to Section 5 of the 1937 Act;
- 2) Public housing operating assistance provided pursuant to Section 9 of the 1937 Act;
- 3) Public housing modernization assistance provided pursuant to Section 14 of the 1937 Act;
- 4) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement) housing construction or other public construction project (which includes other buildings or improvements, regardless of ownership).

**Section 3 Covered Contract** – A contract or subcontract (including a professional service contract) awarded by a Recipient or Contractor for work generated by the expenditure of Section 3 Covered Assistance, or for work arising in connection with a Section 3 Covered Project. "Section 3 Covered Contracts" do not include contracts awarded under HUD procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 Covered Contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 Covered Contract.

**Section 3 Covered Project** – A section 3 covered project involves the construction or rehabilitation of housing (including reduction of lead-based paint hazards), or other public construction such as street repair, sewage line repair or installation, updates to building facades, etc.

## I. Section 3 Policy Overview

As an entity that receives funding from HUD, the City of Detroit is obligated to comply with Section 3 as implemented through 24 CFR Part 135. The requirements of Section 3 compliance apply to recipients of HUD Community Planning and Development funding in excess of \$200,000. All projects or activities involving housing construction, demolition, rehabilitation, or other public construction-i.e. roads, sewers, community centers, and etcetera that are completed with covered funding, are subject to the requirements of Section 3. (Note: the requirements of Section 3 do not apply on a per-project-basis. Rather the requirements apply to all covered construction and rehabilitation activities that are funded with covered assistance.)

Sub-recipients, Contractors and subcontractors that receive contracts in excess of \$100,000 for Section 3 covered projects or activities are required to comply with Section 3 regulations in the same manner as the recipient that provided funding to them. If the recipient receives Section 3 covered funding and invests these funds into projects or activities, but no individual contract exceeds \$100,000, responsibility for complying with Section 3 applies only to the recipient. Accordingly, the recipient must attempt to reach the minimum numerical goals found at 24 CFR Part 135.30 by: 1) Awarding 10 percent of the total dollar amount of all covered construction contracts to Section 3 businesses; 2) Hiring Section 3 residents for at least 30% of new employment opportunities; 3) Awarding at least 3% of the total dollar amount of all other Section 3 Contracts to Section 3 Business Concerns.

The purpose of Section 3 is to ensure employment and other economic opportunities generated by HUD assistance shall, to the greatest extent feasible, be directed to Low and Very-Low Income Persons, particularly those who are recipients of HUD housing assistance. The City of Detroit encourages Sub-recipients, Contractors, and Sub-contractors to exceed the HUD Section 3 numerical goals at every opportunity.

### Section 3 Covered Community Planning and Development (CPD) Funding

- Community Development Block Grants (CDBG)
- Home Investment Partnership Assistance (HOME)
- Housing Opportunities for Persons with AIDS (HPOWA)
- Economic Development Initiative (EDI)
- Brownfield Economic Development Initiative (BEDI)
- Homeless Assistance Grants (ESG)
- University Partnership Grants
- Neighborhood Stabilization Program Grants (NSP)
- Economic Stimulus Funds (including CDBG-R)
- 202/811 Grants
- Lead Hazard Control Grants
- Certain Grants Awarded Under HUD Notices of Funding Availability (NOFAs)

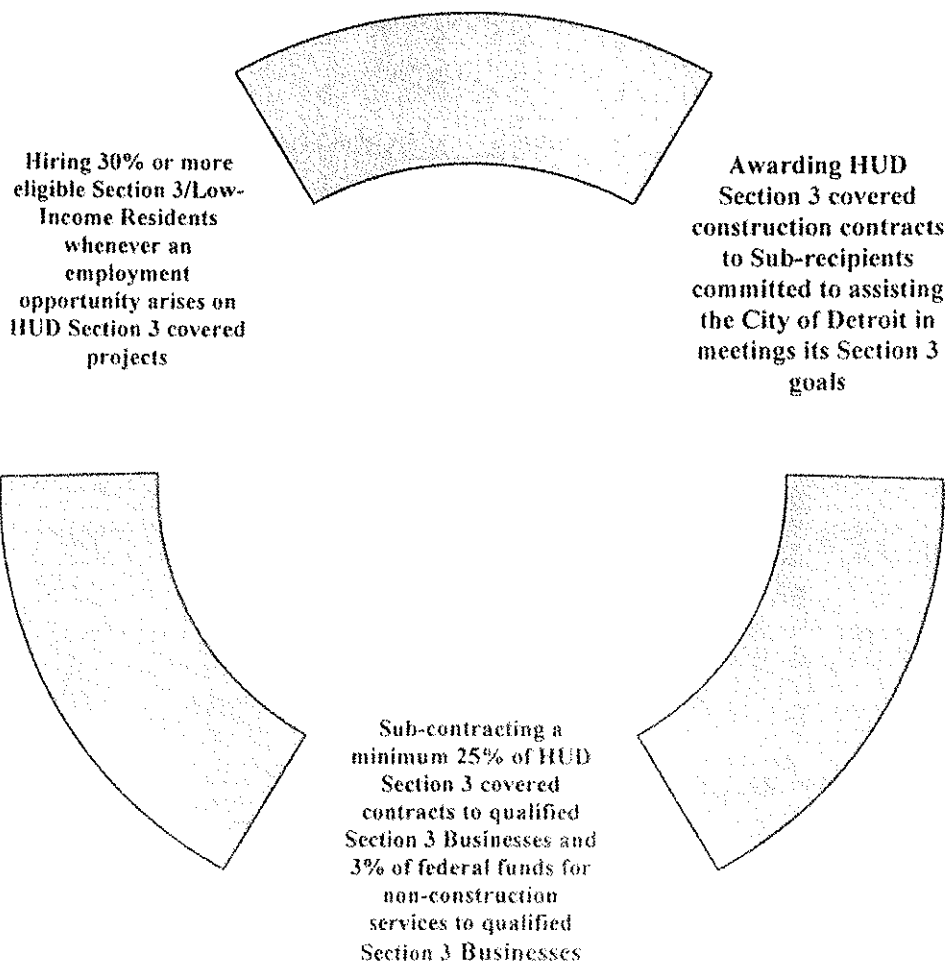


\*Note: The requirements of Section 3 typically apply to recipients of HUD funds that will be used for housing construction, rehabilitation, or other public construction.

This policy details how the City of Detroit and its Sub-recipients and its Contractors will implement the actions necessary to comply with 24 CFR Part 135. The prescribed actions are designed to ensure that the City of Detroit, and its Sub-recipients and its Contractors take affirmative action(s) to provide economic opportunities to Section 3 eligible persons.

## II. NUMERICAL GOALS

The City of Detroit is committed to meeting and exceeding the following Section 3 numerical goals of: 1) Awarding 10% of the total dollar amount of all covered construction contracts to Section 3 businesses; 2) Hiring Section 3 residents for at least 30% of new employment opportunities; and 3) Awarding at least 3% of the total dollar amount of non-construction contracts to Section 3 Business Concerns. Section 3 Goals can be exceeded by:



### **III. REQUIRED CONTRACT LANGUAGE**

Every City of Detroit Section 3 Contract shall include a Section 3 Clause that contains language which requires Contractors to comply with Section 3, 24 CFR Part 135 (see the Definitions for the language).

### **IV. EMPLOYMENT AND TRAINING**

Sub-recipients, Contractors, Sub-Contractors, and the City will provide proof that notice of employment and training opportunities will be given to our Section 3 residents by:

- 1) Distributing flyers which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process to residents residing in the project area; and notifying the Detroit Housing Commission of employment opportunities so every occupied dwelling unit in the housing development will receive notice of employment or training opportunities.
- 2) Contacting agencies administering HUD Youthbuild programs, and requesting their assistance in recruiting HUD Youthbuild program participants for the contractor's training and employment positions.
- 3) Consulting with local and State agencies administering training programs funded such as the Detroit Workforce Development Department, probation and parole agencies, unemployment compensation programs, community organizations, State of Michigan Jobs, Education, and Training (JET) program, and other officials or organizations to assist with employment positions. The Detroit Workforce Development Department will maintain a City of Detroit certified Resident Section 3 Register by name, occupation, and residential location and will coordinate employment interviews with potential Section 3 covered Sub-recipients, contractors, and Sub-contractors.
- 4) Advertising the positions to be filled through the local media, such as public television channels, newspapers, and radio advertising.

Each Sub-recipient or Contractor shall provide its Section 3 Plan and supporting documentation demonstrating compliance with the Section 3 requirements with the Request for Quote bid package or Request for Proposal.

### **V. SECTION 3 COMPLIANCE PLAN IN TRAINING AND EMPLOYMENT**

The City's Executive Order 2007-1 was established to ensure employment opportunities for our residents. The local law requires 51% of the hours worked on construction projects to be directed to Detroit residents. Additional preference is given by uplifting Section 3 Residents in the project area and Housing Development properties of the Detroit Housing Commission as stated above in our Notification of Training and Employment Opportunities. The City desires employment opportunities to be given to

our Section 3 residents on a full-time basis; however, the City welcomes other economic opportunities to train and employ Section 3 residents to include, but need not be limited to, the use of "upward mobility", "bridge", and hiring Section 3 Residents in part-time positions as part of the City's commitment to give preference to our eligible residents.

#### **VI. SECTION 3 COMPLIANCE PLAN IN AWARDING SECTION 3 COVERED CONTRACTS**

The City's Executive Order 2003-4 was established to ensure contractual opportunities for Detroit Based and Headquartered Businesses. The local law requires 30% of the total contract award to go to Detroit Businesses. Additional preference will be given to Certified Section 3 Businesses through the RFP evaluation process. City Departments will take the proposed Contract's Section 3 Plan into consideration in awarding Section 3 covered contracts as follows:

For competitively negotiated proposals (when price is not the primary determination for award) compliance with Section 3 requirements must be one of the evaluation criteria. This criterion shall have a minimum value of 5 points to a maximum value of 15 points depending upon the nature of the services requested under the Section 3 covered contract. For fixed price contracts, generally sealed bids, (when price is the primary determinate for an award) the following procedure will be applied:

##### **Preference Priority Ranking and Lowest Responsive Bid**

The order of priority for subcontracting is specified below. Preference in the award of Section 3 covered contracts that are awarded under a sealed bid process will be provided as follows:

Bids shall be solicited from all businesses (Section 3 Business Concerns, and Non-Section 3 business concerns). An award shall be made to the qualified Section 3 Business Concern with the highest priority ranking and with the lowest responsive bid, if that bid:

When the Lowest Responsive Bid Is:	X-lesser of:
Less than \$100,000	10% of that bid or \$9,000
At least \$100,000, but less than \$200,000	9% of that bid, or \$16,000
At least \$200,000, but less than \$300,000	8% of that bid, or \$21,000
At least \$300,000, but less than \$400,000	7% of that bid, or \$24,000
At least \$400,000, but less than \$500,000	6% of that bid, or \$25,000
At least \$500,000, but less than \$1 million	5% of that bid, or \$40,000
At least \$1 million, but less than \$2 million	4% of that bid, or \$60,000
At least \$2 million, but less than \$4 million	3% of that bid, or \$80,000
At least \$4 million, but less than \$7 million	2% of that bid, or \$105,000
At least \$7 million or more	1-1/2% of the lowest responsive bid, with no dollar limit

If the City of Detroit elects to award the Contract, the City of Detroit will make the award (including the Section 3 preference) to the Bidder who submitted the lowest responsive, responsible Bid conforming in all material respects with the requirements stated above.

## **VII. COMPLIANCE MONITORING AND PERFORMANCE REVIEWS**

The City of Detroit has the right, authority, and responsibility to monitor the Sub-recipient, Contractor, and Sub-contractor's implementation of the Sub-recipient, Contractor, and Sub-contractor's Section 3 Utilization Plan, including awarding sub-contracts and Section 3 hiring and training. If voluntary compliance cannot be obtained, sanctions may be imposed by The City of Detroit to enforce compliance. The City of Detroit reserves the right to allow Contractors and Sub-contractors to comply with Section 3 by Section 3 Resident hiring and training and Section 3 Business Concerns sub-contracting to ensure the overall goal of compliance with Section 3 is being met to the "greatest extent feasible." It is desired that Contractors and Subcontractors select a single method of compliance. However, in some instances particularly when Contractors or Sub-contractors have difficulty complying with a single method, an alternative method of compliance may be approved by the City.

The Sub-recipient, Contractor, and Sub-contractor shall provide a monthly status report identifying its progress in meeting Section 3 goals. The monthly status report shall be submitted no later than ten (10) days after the end of each calendar month. For any goal not met, the report shall identify any other economic opportunities, which the Contractor has provided, or intends to provide to Section 3 Residents and the dollar value of each.

Construction contracts shall observe the Davis-Bacon prevailing wages as appropriate according to U.S. Department of Labor Standards. The minimum number of trainees is that which can reasonably be utilized in each occupation and no less than the number established by the U.S. Secretary of Labor for construction and non-construction related occupations. The Contractor shall fill vacant positions with low-income persons (earning less than 80% of the area median income) in the City of Detroit according to Section 3 guidelines, and these positions shall not be filled immediately prior to undertaking work in order to circumvent regulations as set forth at 24 C.F.R. Part 135 et seq: as amended.

## **VIII. ENFORCEMENT MEASURES**

If the Sub-recipient, Contractor, or Sub-contractor fails to submit a Section 3 Utilization and Section 3 Plan with its bid, the Sub-recipient, Contractor, or Sub-contractor's bid may be rejected as non-responsive.

If the Sub-recipient, Contractor, or Sub-contractor fail to comply with its Section 3 obligations, enforcement measures that the City of Detroit may utilize singularly or in combination, at its sole discretion, include but are not limited to:

- 1) Withholding a 10% retainage until the Section 3 Contract is determined to be in compliance or any other contract the Contractor may have with the City of Detroit until compliance has been achieved;
- 2) Withholding the Notice to Proceed; and
- 3) Withholding payments until compliance is achieved. The Contractor will be given 30 days to correct Section 3 compliance violation.

#### **IX. SECTION 3 COMPLIANCE REPORTING**

Contractors and Sub-contractors will submit monthly reports to Planning and Development as well as Finance-Purchasing. The Planning and Development Department will continue to submit annual reports to HUD to ensure continued Section 3 compliance.

## Shirley Scott - Section 3

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**From:** Thomasina Tucker  
**To:** Shirley Scott  
**Date:** 1/28/2011 3:05 PM  
**Subject:** Section 3

---

Your name and mine are all over the place, so expect a lot of calls.  
Do you have an electronic copy of the Section 3 report that was submitted to HUD? Now the Mayor's Office wants a copy. (Interesting after all of this time)

Thomasina M. Tucker  
Executive Manager  
City of Detroit  
Planning and Development Department  
Financial and Resource Management  
Suite 2300  
65 Cadillac Square  
Detroit, MI 48226

(313) 224-2578  
(313) 224-1629 fax  
[ttucker@detroitmi.gov](mailto:ttucker@detroitmi.gov)

Shirley Scott - RE: Section 3

From: "Bailey, Bruce E"  
To: "Shirley Scott"  
Date: 2/9/2011 9:17 AM  
Subject: RE: Section 3

\* Confirmation  
of receipt  
of complaint

We have received your complaint and will be forwarding it to the appropriate field office for review.

Thanks

Bruce E. Bailey  
Program Analyst  
US Department of Housing and Urban Development FHEO Economic Opportunity Division  
451 7th St SW Room 5235  
Washington, DC 20410  
(202) 402-6249  
Bruce.E.Bailey@hud.gov

From: Shirley Scott [mailto:SScott@detroitmi.gov]  
Sent: Monday, February 07, 2011 10:36 AM  
To: Bailey, Bruce E  
Subject: RE: Section 3

Mr. Bailey, I mailed my complaint with regard to non-compliance of Section 3 to the Secretary of FHEO. Should I have mailed my complaint to you?

>>> "Bailey, Bruce E" <Bruce.E.Bailey@hud.gov> 10/21/2010 9:46 AM >>>

I would rather you call me and allow me to first get clarity on your question and second give you a clear response regarding your question.

Bruce E. Bailey  
Program Analyst  
US Department of Housing and Urban Development FHEO Economic Opportunity Division  
451 7th St SW Room 5235  
Washington, DC 20410  
(202) 402-6249  
Bruce.E.Bailey@hud.gov

-----Original Message-----

From: Shirley Scott [mailto:SScott@detroitmi.gov]  
Sent: Wednesday, October 20, 2010 3:48 PM  
To: Bailey, Bruce E

file://C:\Documents and Settings\SScott\Local Settings\Temp\XPgrpwise\4D525B91CTF... 2/14/2011

**Shirley Scott - Fwd: City Council Hearings, Discussions and Task-Force Meetings**

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**From:** Shirley Scott  
**To:** Johnson, Elizabeth C.A.  
**Date:** 2/25/2011 3:38 PM  
**Subject:** Fwd: City Council Hearings, Discussions and Task-Force Meetings  
**Attachments:** City Council Hearings, Discussions and Task-Force Meetings


*\* City Council  
advised I  
could not attend  
meetings*

Thanks for your invitation to attend the Quality of Life Task Force Meeting. Unfortunately, I am unable to attend because I did not receive authorization to do so.



# MEMO

To: Thomasina Tucker  
Executive Manager

From: Shirley Scott   
Section 3 Coordinator

Date: April 1, 2011

Re: Section 3 Policy

*\* Administration  
Informed of  
Federal violations*

There are 11 counts of non-compliance for Section 3. The recipient, Grantee in our case, has responsibilities for compliance. Please note the responsibilities on the 4<sup>th</sup> page of the Section 3 Policy, which I am attaching along with the complaint form indicating the counts of non-compliance.

This administration will have to make a decision if non-compliance is more important, because of political ties, or the risk of the federal government monitoring and discovering non-compliance and imposing sanctions on the City of Detroit.

Attachments

Cc: Robert Anderson  
Planning Director

1/4/11 - B"

**From:** Valeria Miller  
**To:** Shirley Scott  
**Date:** 4/26/2011 1:52 PM  
**Subject:** Fwd: Re: Section 3 Ordinance meeting  
**CC:** Marja Winters; Thomasina Tucker  
**Attachments:** Marja Winters; Thomasina Tucker

Shirley, please be advised that per management, we will not be attending said meeting on Wednesday with RAD. I will notify Ms. Osborne accordingly. Thanks!

\* Could  
not respond  
or attend  
meeting

## Shirley Scott - Re: Section 3 Ordinance meeting

**From:** Thomasina Tucker  
**To:** Pamela Osborne  
**Date:** 4/26/2011 2:03 PM  
**Subject:** Re: Section 3 Ordinance meeting  
**CC:** George Etheridge; Marja Winters; Shirley Scott; Valeria Miller

Pam,  
Please provide PDD team with a copy of the draft ordinance prior to the meeting.  
Thanks.

Thomasina M. Tucker  
Executive Manager  
City of Detroit  
Planning and Development Department  
Financial and Resource Management  
Suite 2300  
65 Cadillac Square  
Detroit, MI 48226

(313) 224-2578  
(313) 224-1629 fax  
[ttucker@detroitmi.gov](mailto:ttucker@detroitmi.gov)

>>> Valeria Miller 4/26/2011 2:01 PM >>>  
Honestly, this week is very, very tight for our staff. Maybe Friday morning or early next week (Monday or Tuesday) would be better for us.

>>> Pamela Osborne 4/26/2011 1:56 PM >>>  
P&DD's presence is important to us. When can you meet with us?

Pamela Osborne

Pamela Osborne, J. D.  
City of Detroit  
City Council Research and Analysis Division  
Public Policy Analyst -Legal  
(313) 224-1979

# Complaint Register

Under Section 3 of the Housing  
And Urban Development Act of 1968

## U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity

OMB Approval No. 2529-0043

(Expires 11/30/2010)

\* Complaint  
officially  
submitted  
on  
complaint  
form  
4-27-11

Name of Complainant (Person or organization) City of Detroit Home Phone  
Shirley Scott, Section 3 Coordinator (313) 469-3984  
Street Address 65 Cadillac Sq., Ste. 1200 Work Phone  
(313) 224-2378  
City, State, Zip code

Detroit, MI 48226

Against whom is this complaint being filed? Thomasina Tucker Business Phone (313) 224-6380

Name of Organization or company City of Detroit, Planning and Development Department  
Street Address 65 Cadillac Square, Ste. 2300

City, State, Zip code  
Detroit, MI 48224

Name and identify others (if any) who violated the law in this case

You are (check all that apply)

- ☐ A. Low/Very low income  
☐ B. Public housing resident  
☒ C. A representative of A or B  
☐ D. Section 3 business concern  
☒ E. A representative of D

Complaint is against (check one or more boxes)

- ☐ A. Applicant  
☐ B. Sub-Recipient  
☐ C. Subcontractor  
☐ D. Recipient  
☐ E. Contractor  
☒ F. Other (please specify City of Detroit  
Planning and Development)

Basis for non compliance with Section 3

- ☐ Denied Training  
☒ Denied Employment  
☒ Denied Contracting

What did the person you are complaining against do? (Check all that apply - provide documentation)

- ☐ A. Failed to meet numerical goals, as set out in the Section 3 regulations  
☒ B. Failed to ensure that its contractors and subcontractors comply with Section 3  
☒ C. Failed to notify Section 3 residents about training and/or employment opportunities  
☒ D. Failed to notify Section 3 business concerns about contracting opportunities  
☒ E. Failed to notify potential contractors for Section 3 covered projects of the requirements of Section 3  
☐ F. Failed to incorporate the Section 3 clause in Section 3 solicitations or contracts  
☒ G. Failed to train and/or employ Section 3 residents  
☒ H. Failed to award contracts to Section 3 business concerns  
☒ I. Contracted with a contractor found to be in violation of applicable statutes and/or HUD regulations  
☒ J. Failed to provide preference to Section 3 residents in training and or employment opportunities.  
☒ K. Failed to provide preferences for Section 3 business concerns in contracting opportunities

When did the act(s) checked above occur? (Include the most recent date if several dates are involved):

Ongoing because the Section 3 Coordinator is not in the forefront of the contracting process.

Identify HUD assistance program(s). (Check all that apply)

- ☐ A. PIH/DEV  
☐ B. PIH/MOD  
☐ C. PIH/OPER  
☐ D. Other PIH  
☐ E. 202/811  
☐ F. Other Housing  
☒ G. CDBG  
☒ H. HOME  
☐ I. Homeless  
☐ J. Other CPD  
☐ K. Lead-based Paint  
☒ L. Other KSP

Shirley Scott - Section 3 Partners Meeting

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From: "Stockard, Guy (MSHDA)" <stockardg@michigan.gov>  
To: "'Andre DuPerry'" <DuPerryA@detroitmi.gov>, "'JeffreyA@detroitmi.gov'" <...  
Date: 6/20/2011 2:03 PM  
Subject: Section 3 Partners Meeting  
CC: "Johnson, Burney (MSHDA)" <johnsonb1@michigan.gov>  
Attachments: 37\_section\_3\_nofa\_final1.pdf; MOUforDetroitSection3Partners.doc

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Good afternoon everyone, I've spoken with most of you regarding a couple of items I'd like to get together and discuss: 1). HUD's NOFA for funding a Regional Section 3 Coordinator and 2). The upcoming role-out of HUD's Section 3 Computerized Business Registry demonstration project in Detroit

We are meeting **Friday, June 24, 2011, 11:00 a.m. at Coleman A. Young Municipal Center, 2 Woodward Avenue, Suite 1008**; we will be hosted by Boise Jackson, City of Detroit. I've attached the HUD NOFA and a draft MOU for your review prior to the meeting on Friday.

Thanks.

Guy R. Stockard, Statewide Section 3 Coordinator  
Rental Development and Homeless Initiatives  
Michigan State Housing Development Authority  
Ph 517.373.6725 • Fx 517.373.6565

For information about MSHDA and social networking, visit <http://www.michigan.gov/mshdasocialnetwork>

Click [here](#) to report this email as spam.

\* State Coordinator  
held a  
meeting  
to  
contract  
my position



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Office of Fair Housing and Equal Opportunity  
Midwest Regional Office, Region V  
Ralph H. Metcalfe Federal Building  
77 West Jackson Boulevard – Room 2101  
Chicago, Illinois 60604-3507

JUN 29 2011

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Shirley Scott  
City of Detroit  
Planning and Development Department  
65 Cadillac Square, Suite 1200  
Detroit, MI 48226

SUBJECT: Scott, Shirley v. City of Detroit, MI  
Section 3 Complaint Number: 05-11-006-3

Dear Complainant:

The U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity received the subject Section 3 complaint. In this complaint, Shirley Scott (Complainant,) alleges that the City of Detroit, MI (Respondent) failed or refused to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701. Specifically the complainant alleges the City of Detroit has failed to ensure that its contractors and subcontractors comply with Section 3; failed to notify Section 3 residents about training and/or employment opportunities; failed to notify Section 3 business concerns about contracting opportunities; failed to notify potential contractors for Section 3 covered projects of the requirements of Section 3; failed to train and/or employ Section 3 residents; failed to award contracts to Section 3 business concerns; contracted with a contractor found to be in violation of applicable statutes and/or HUD regulations; failed to provide preference to Section 3 residents in training and/or employment opportunities; and failed to provide preferences for Section 3 business concerns in contracting opportunities. The purpose of this letter is to inform you that your complaint has been received in the Office of Fair Housing and Equal Opportunity and your complaint was filed on June 28, 2011.

The Department is governed by 24 CFR, Part 135, which sets forth the steps that must be taken when a formal Section 3 complaint is filed. In accordance with 24 CFR, §136.76(e), if the recipient believes that the complaint lacks merit, the recipient must notify the Office of Fair Housing and Equal Opportunity (FHEO) Region V Director, Maurice McGough, in writing of this recommendation with supporting reasons, within thirty (30) days of the date of receipt of the complaint. If the recipient determines that there is merit to the complaint, the recipient will have sixty (60) days from the date of receipt of the complaint to resolve the matter with the complainant. At the expiration of the 60-day period, the recipient must notify the FHEO Region V Director in writing whether a resolution of the complaint has been reached. If resolution has been reached, the notification must be signed by both the recipient and the complainant, and must summarize the terms of the resolution reached between the parties.

Any request for an extension of the 60-day period by the recipient must be submitted in writing to the FHEO Region V Director, and must include a statement explaining the need for the

Telephone: (312) 353-7776 Fax: (312) 886-2837  
Hot Line 1-800-765-9372 TDD 1-800-927-9275

extension. If the recipient is unable to resolve the complaint within the 60-day period (or more if extended by the FHEO Region V Director), the complaint shall be referred to the FHEO Region V Director for handling.

Upon receipt of the written recommendation that there is no merit to the complaint, or upon failure of the recipient and the complainant to reach resolution, the Director shall review the complaint to determine whether it presents a valid allegation of noncompliance with Section 3. The FHEO Region V Director may conduct further investigation if deemed necessary. Where the complaint fails to present a valid allegation of noncompliance with Section 3, the FHEO Region V Director will dismiss the complaint without further action. The FHEO Region V Director shall notify the complainant of the dismissal of the complaint and the reasons for the dismissal.

Where the allegations in a complaint on their face, or as amplified by the statements of the complainant, present a valid allegation of noncompliance with Section 3, the Director will attempt, through informal methods, to obtain a voluntary and just resolution of the complaint. Where informal attempts to resolve the complaint fail, the FHEO Region V Director will impose a resolution on both parties. Any resolution imposed by the FHEO Region V Director will be in accordance with requirements and procedures concerning the imposition of sanctions or resolutions as set forth in the regulations governing the HUD program under which Section 3 covered assistance was provided.

The imposed resolution will become effective and binding at the expiration of 15 days following notification to the recipient and the complainant by certified mail of the imposed resolution, unless either party appeals the resolution before the expiration of the 15 days. Any appeal shall be in writing to the Region V Director and shall include the basis for the appeal.

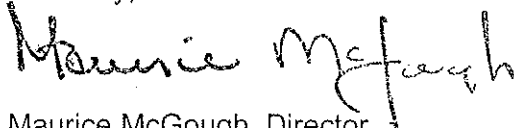
The Director reserves the right to investigate a complaint directly when, in the Director's discretion, the investigation would further the purposes of Section 3. Recipients that fail to comply with the regulations of this part risk further proceedings to include debarment, suspension and limited denial of participation in HUD programs.

The regulation also requires the Department to notify you that no recipient or other person shall intimidate, threaten, coerce, or discriminate against any person or business because the person or business has made a complaint, testified, assisted or participated in any manner in an investigation, proceeding, or hearing under 24 CFR, Part 135.

There is nothing in 24 CFR, Part 135 that precludes a Section 3 resident or a Section 3 business concern from exercising the right, which may otherwise be available, to seek redress directly through judicial procedures.

If you have any questions regarding this case, please contact Maurice McGough at 312-913-8400. Please refer to the case number at the top of this letter when contacting this office.

Sincerely,

A handwritten signature in black ink that reads "Maurice McGough". The signature is written in a cursive, flowing style.

Maurice McGough, Director  
Region V, Office of Fair Housing & Equal  
Opportunity

### Shirley Scott - HUD Section 3

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**From:** Elizabeth C.A. Johnson  
**To:** Scott, Shirley  
**Date:** 7/26/2011 9:04 AM  
**Subject:** HUD Section 3

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Hi Shirley,

I received your phone call during my transition from Council Member Watson's office to the Purchasing Division where the initial operations for the HUD Section 3 Compliance office presently is housed. I am on loan from Council Member Watson's office to assist Mr. Andre DuPerry develop a process with the initial bid package to incorporate HUD Section 3 compliance goals and objectives for the City of Detroit which includes job opportunities for HUD Section 3 residents and contract opportunities for HUD Section 3 businesses. Yes, I would like to speak with you about your current HUD Section 3 processes as well as any process recommendations you may have. Have you had a chance to review the HUD Section 3 recommendations Guy Stockard made? I believe I previously e-mailed a copy of those recommendations to you. Would you let me know when you might be available? My contact telephone number in the Purchasing Division is 224-5241. Thanks again.

Elizabeth C. Ayana Johnson  
Interim HUD Section 3 Compliance Officer  
Finance-Purchasing Division  
Suite 1008, CAYMC  
2 Woodward Avenue  
Detroit, MI 48226  
(313) 224-5241  
Email: [johnsonea@detroitmi.gov](mailto:johnsonea@detroitmi.gov)

*\* Council person  
sent her  
employee  
Bureaucratic  
Crony  
without  
qualifications*



## Announcement

**Job Category:** Professional  
**Title:** Compliance Officer  
**Pay Basis:** \$27/Hr approx \$56,160/Year  
**Date Opened:** 3/28/2012  
**Targeted Date to fill:** April 15, 2012

**Bargaining Unit:** 9300 Contractual Hourly  
**Department:** Finance-Purchasing Division  
**Type:** Contract  
**Date Closed:** 4/4/2012  
**Vacancies:** 1

*\* Compliance  
Position  
made  
Contractual*

**Send resume and cover letter to [section3inquiry@detroitmi.gov](mailto:section3inquiry@detroitmi.gov)**

### **HUD Section 3 Compliance Officer's Duties and Responsibilities**

Compliance Officer shall perform in a satisfactory and proper manner the services as set forth in the scope of services and shall use best efforts and endeavors to promote the interest of the City and devote such time, attention, skill, knowledge and professional ability as is necessary to most effectively and efficiently carry out and perform the services identified in the scope of services contract.

Compliance Officer is responsible for assisting in the implementation of ongoing policy and program activities of the City of Detroit HUD Section 3 program. The position is responsible for overall compliance, strategic planning and development of the City of Detroit's compliance program and policies and procedures. This will include reporting on city-wide HUD Section 3 activities, evaluation of policy and program issues and coordination of monitoring activities. In addition, the Compliance Officer is responsible for assisting and actively cooperating with HUD in obtaining the compliance of contractors.

Compliance Officer will have advanced skill in Microsoft Excel and will develop excel forms that will track outcomes produced, monthly metrics, reports and as well as other forms as required. The job involves travel across the state, primarily in southeast Michigan to assess overall compliance of Vendors.

Compliance Officer will develop, collect, and maintain overall program data for the HUD Section 3 program and prepare and submit annual reporting information for inclusion in the State's Consolidated Plan, as required by HUD. Compliance Officer will design strategic plans to target Section 3 residents and businesses, develop certification/selection criteria, create processes for informing contractors about responsibilities and assess hiring/subcontracting needs. Compliance Officer will determine and evaluate the effectiveness of program models and make changes responsive to program experience, HUD directives and development partners' needs.

Compliance Officer will maintain adequate records identifying amount of work done across all NSP programs-NSP 1, NSP 2, and NSP 3. Compliance Officer will work on Community Development Block Grant Programs associated with HUD Section 3.

### **Degree Desired**

Bachelor's degree in public administration, business administration, systems management, interdisciplinary studies, financial management, or a purchasing related field is desired. Advanced excel skills are required.

### **Minimum Experience Requirements**

Five years of recent experience managing projects, monitoring processes, and producing reports. Successful candidates demonstrate familiarity with HUD Section 3 requirements for resident hiring and business contracting. Compliance Officer monitors HUD Section 3 compliance with City of Detroit requirements, local requirements, State of Michigan requirements, and federal requirements of HUD.

Section 3 covered contracts. Reviews requests for Quotes, Requests for Bids, and Requests for Proposals for HUD Section 3 covered funded projects. Reviews requisitions and confers with customers regarding requirements, preferential priorities, specifications, quantity, quality, and delivery of goods and services.

### **Minimal Skills and Qualifications**

- Advanced Excel Skills for form development
- Demonstrated results in process improvement
- Proven experience managing multiple priorities
- Excellent computer skills with proficiency in Microsoft Office including Word, Excel, Access, and PowerPoint
- Ability to type 35-45 wpm
- Excellent communication skills both oral and written
- Proven computer skills including ability to learn new systems
- Plan and manage budgets
- Interpret and analyze statistical data
- Project Management

Combination of Personal Qualifications, Experience, Training, Skills, Oral Appraisal and Domicile will be considered during the Evaluation Process.

### **Comments**

Applicants rated as Detroit Veterans are eligible for additional benefits as provided by law. Candidates considered for placement in this classification may be subject to a Criminal Background Investigation based upon the requirements for this position.

# University of Phoenix

*Upon the recommendation of the Faculty,  
University of Phoenix does hereby confer upon*

*Shirley A Scott*

*the degree of*

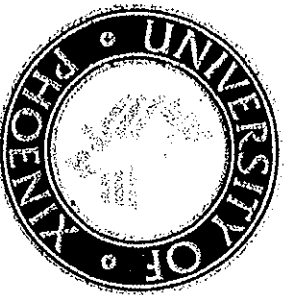
*Master of Business Administration*

*with all the rights, honors and privileges thereto appertaining.*

*In witness whereof, the seal of the University and the signatures as authorized  
by the Board of Directors, University of Phoenix, are hereto affixed,  
this thirtieth day of June, in the year two thousand nine.*

*Merilee Lewis Engel*  
*Chairman, Board of Directors*

*Wm. A. Heston*  
*Chairman, President*



*Wm. A. Heston*  
*President*

## Shirley Scott - Re: HUD COMPLAINT

**From:** Marja Winters  
**To:** Shirley Scott; Valeria Miller  
**Date:** 8/26/2011 4:42 PM  
**Subject:** Re: HUD COMPLAINT  
**CC:** Robert Anderson; Thomasina Tucker

*\* Harassed  
and intimidated  
to answer  
my own  
complaint*

Shirley, it would be helpful if you could craft some recommendations towards compliance. Please provide same to your supervisor by Tuesday, August 27th.

Thank you,  
Marja

>>> Shirley Scott 8/26/2011 8:46 AM >>>

I met with Mr. Anderson to discuss the complaint I filed in January of this year. I did not know that he was not aware of the complaint. My concern is what are the next steps the City intends to take to become compliant with the requirements of Section 3. It was an open discussion, and no steps were discussed at that time to share. I will leave a copy of the handout in your box. It is now up to the City to decide what actions need to be taken to address non-compliance.

>>> Valeria Miller 8/25/2011 4:29 PM >>>

Shirley, per Rob's email, I'm still awaiting you to debrief me on last Friday's meeting on Section 3. Please provide me written details of discussion items, policies and procedures, plans, next steps, etc. from the meeting. Also please forward me a copy of the handouts from the meeting. I need this information no later than 12 noon, Friday, August 26th. For questions, please see me. Thanks

>>> Robert Anderson 8/23/2011 2:44 PM >>>

Val and all - Thanks for the "heads up." I don't recall receiving any correspondence regarding this complaint. However, about two weeks ago Ms. Scott initiated a conversation on the elevator regarding her concerns. Shortly thereafter, I met with her specifically on this topic and I asked her to schedule a meeting with relevant individuals to review our current procedures. I apologize for not including you Val, as at the time I was not aware that you were her supervisor.

There was a meeting on this topic last week which I believe was very productive. It appears a strong consensus exists on how we can improve our effectiveness on achieving Section 3 goals. At this time, by way of copying Ms. Scott on this correspondence I would ask that she report to Val on what was discussed in the meeting and to make every effort to schedule subsequent meetings when her supervisor is available as I believe Val would be a good resource in support of the changes discussed last week.

Val, you also raise several important questions that need to be discussed. I will ask Karen to schedule a 60 minute meeting this Thursday to discuss these issues and prepare a draft response to HUD. At a minimum, everyone on this e-mail should be invited to the Thursday meeting, and I am open to suggestions for additional participants. Can someone provide me a copy of the original complaint? THX Rob

*\* Director claims he is  
unaware (over)*

>>> Valeria Miller 8/23/2011 2:06 PM >>>

Before I went on vacation last week, I learned that I was named in a complaint (along with Marja and Tommie), lodged by Shirley Scott, P& DD's Section 3 Coordinator, to HUD's Office of Fair Housing and Equal Opportunity Office (FHEO), alleging that the City of Detroit has failed to enforce Section 3 compliance. I suppose I was named because technically, I am currently Ms. Scott's interim manager. Her former manager, Shirley Williams, who is also mentioned in Ms. Scott's complaint, retired Spring 2010. Ms. Williams served as the Labor Standards Manager before retiring and currently, Angela Thompson is working out of class (OOC) in this capacity until we are authorized to select a permanent replacement. As a side note, I am serving as Ms. Scott's interim manager because bargaining agreements prohibit Ms. Thompson from serving as Ms. Scott's interim

manager, even though she is working OOC. Nevertheless, according to the copy of the complaint I received last Wednesday (August 17th) that's dated June 29, 2011, Ms. Scott filed this report April 27, 2011, which interestingly enough, is the same date we (Marja, Rob, Karla and I) attended a meeting in Purchasing to discuss their plans for launching a Section 3 program. If memory serves me correctly, Ms. Scott was not asked to attend that meeting. So we need to meet asap on this for a few reasons:

A. The letter requires a response from the City of Detroit. We have already missed the deadline to notify FHEO that the complaint lacks merit - 30 days of the date of receipt of the complaint. According to the letter, the complaint was officially filed June 28, 2011. Also, if we believe the complaint is valid, we only have 60 days of the date of receipt of the complaint (June 28th), to resolve the matter and notify FHEO in writing of the same. The notification must be signed by the recipient AND complainant. Needless to say, that 60 day deadline is fast approaching. We can however request an extension in writing, along with a statement explaining the need for an extension.

B. We still have no clear process or procedure on the City's plans for Section 3. We have Ms. Scott in our office and now it seems Finance has launched another unit, as well. While the two are presumably working on the same program, there does not appear to be any citywide coordinated effort for this program. There seems to be a duplication of efforts and roles and responsibilities are unclear. For instance, who's responsible for submitting the annual report that must be submitted to HUD regarding the City's overall efforts for Section 3 monitoring now that we have 2 units? What's our enforcement strategies? I understand a meeting was held last week while I was out (I was not invited to the meeting) with outside parties on this, but it's unclear if a plan was devised. If so, please forward me a copy. Furthermore, I was copied on an email last week before going on vacation where Ms. Elizabeth Ayanna Johnson, Interim HUD Section 3 Compliance Officer from Finance, is directing folk to Ms. Scott for assistance. Who is this person? What is her role as "Interim HUD Section 3 Compliance Officer"? How does she interface with Ms. Scott, if at all? Who authorized her to send out anything referencing Shirley? Does Shirley report to her now??? This is why it is critical that a clear, citywide policy and procedure is devised AND communicated to all departments and the public at large, about the direction of Section 3. Also, as Ms. Scott's interim manager, I believe it is prudent that I remained advised of any advances in this program. As such, please advise.

\* Went to a meeting to establish a contractual compliance officer, so Director lied

## Shirley Scott - Re: Fwd: Meeting this week

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**From:** Robert Anderson  
**To:** Scott, Shirley  
**Date:** 9/23/2011 5:05 PM  
**Subject:** Re: Fwd: Meeting this week

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Shirley - I am perplexed by your question...you don't need my permission to do your job...am I missing something? THX Rob

>>> Shirley Scott 9/19/2011 10:12 AM >>>

I received this email today. I just wanted to confirm that it is okay to meet with Buildings and Safety.

\* Doing my  
job involved  
training else  
someone else  
to replace  
me affecting  
all prospects  
for promotion

## Shirley Scott - Section 3 Discussion Draft

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**From:** Felicia Andrews  
**To:** Scott, Shirley  
**Date:** 9/27/2011 4:00 PM  
**Subject:** Section 3 Discussion Draft  
**CC:** Johnson, Elizabeth C.A.  
**Attachments:** Section 3 Discussion Draft.doc

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Hi Shirley,

Please find the Section 3 Discussion Draft for your review and comment. Just so you know, the document is still very much a draft document; I am only sending it now as I wanted to give you something as you were very generous in sharing your information.

We will continue to tease out the details of the documents; meetings with Accounts Payable, Legal and others will inform these details and it is unclear when we will meet with all stakeholders, but as we do, and as the document advances, I will send updated versions. And once we are almost final we would like to have another sit down to actually go through the document page by page.

I met with Elizabeth earlier today and understand that she also has a document related to the Section 3 businesses and the possibility of that information being displayed on the Human Rights Website that she will be forwarding separately for comment.

Hope you had a great weekend (and furlough day if applicable).

Regards  
Felicia

Felicia Andrews  
Purchasing Program Manager  
Tel 313 224 4615  
Fax 313 628 1160  
[andrewsfel@detroitmi.gov](mailto:andrewsfel@detroitmi.gov)

*\* Compliance  
Manager  
turned to  
me for  
direction*

## Shirley Scott - RESPONSE

**From:** Valeria Miller  
**To:** Robert Anderson  
**Date:** 11/7/2011 5:41 PM  
**Subject:** RESPONSE  
**CC:** Marja Winters; Shirley Scott; Thomasina Tucker

Rob, in reflecting back on our meeting earlier today with Finance regarding Section 3, had a thought - why can't we move ahead with providing a response to the complaint letter using Shirley's draft packet instead of waiting another 30-60 days for Finance to get it together? The problem with waiting on Finance is we don't know when they'll be ready to move forward and there's no guarantee that a finished product will be completed at that time. If we can demonstrate we're working on something, the Fair Housing folk will see that we're making an effort and not just blowing them off. And what better way to evidence our efforts then providing them with a draft copy of an ideal plan that Shirley put together! Again, we can add the disclaimer that it's still a work in progress, but at least it shows we're moving on something. So what are your thoughts?

\* Corrupt  
bureaucratic  
crony admits  
that I  
answered  
the  
complaint



**Shirley Scott - Re: Section 3 Compliance Plan and Policy**

**From:** Marja Winters  
**To:** Robert Anderson; Shirley Scott  
**Date:** 11/14/2011 5:01 PM  
**Subject:** Re: Section 3 Compliance Plan and Policy

Shirley, it is not clear what you mean by being coerced into doing something nor by whom. We did not do any of the postings nor were we involved in the hiring process for the positions outlined in your e-mail and since the positions are temporary and tied to a specific funding source, they could not be anything other than contractual.

Your assistance on Section 3 compliance matters is still needed and expected. If you are suggesting otherwise, please let us know.

Thank you,  
Marja

>>> Shirley Scott 11/14/2011 11:24 AM >>>

I was coerced into crafting a workable plan for Section 3, and I have done so. I have also made revisions to the Section 3 Policy I drafted earlier this year. Any additional revisions can be made by the compliance office you created. The revisions should be based on experience and not theory.

I am concerned with duplicating City services using federal funds. I am the Administrator, Compliance Officer, and Coordinator for Section 3 all rolled into one person, and I was not assigned to oversee the Section 3 Compliance Office. The positions posted were for contractual persons and not civil servants. I have managed to meet the requirements set by HUD without the assistance of the Compliance Office for almost 5 years. As a matter of fact, the contractual compliance officer, Elizabeth Johnson, is not on loan from Council Member JoAnn Watson's office because her salary is 100% federal funded at \$62,400 a year. As a civil servant, I cannot apply for the contractual position, but I guess that is a legal issue that will have to be addressed at a later date. Now that you have what you want, my assistance is no longer needed.

*\* Threatened/intimidated  
to do as  
instructed*

December 15, 2011

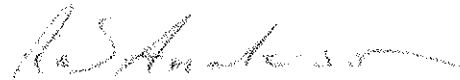
Maurice McGough, Director  
U.S. Department of Housing and Urban Development  
Office of Fair Housing and Equal Opportunity  
Midwest Regional Office, Region V  
Ralph H. Metcalfe Federal Building  
77 West Jackson Boulevard - Room 2101  
Chicago, Illinois 60604-3507

RE: Scott, Shirley v. City of Detroit, MI  
Section 3 Complaint Number: 05-11-006-3

Dear Mr. McGough:

In response to said complaint, the City of Detroit acknowledges that an effective Section 3 program was not previously implemented. However, over the last several months, the City of Detroit's Finance and Planning and Development Departments (including the complainant, Shirley Scott) has collaboratively worked to enhance our Section 3 compliance procedures. Although the plan is still a work in process, we firmly believe that the City of Detroit has taken the critical step to devise a strategic, citywide Section 3 Work Plan that will significantly improve our performance in this area. Attached is our draft plan thus far. Additional meetings and work sessions are needed to more clearly define operational procedures, processes and roles. We are confident that those final steps will be completed within the next 60 days and fully implemented shortly thereafter. We will ensure that a final copy of the complete plan is forwarded to your office. Please accept our sincere apologies for the delayed response. For additional questions, please feel free to contact me at (313) 224-2570.

Sincerely,



Robert Anderson, Director  
Planning and Development Department

Enc:

Mr. Maria Winters, Deputy Director  
Thomasina Tucker, Executive Manager  
Valeria Miller, Manager II  
Shirley Scott, Section 3 Coordinator

\* Letter from director to  
~~City of Detroit~~  
HUD that  
we were  
working  
together